

STATEMENT

EXPOSING AND CONDEMNING REAL
NATURE OF THE AGGRESSIVE,
PREDATORY “AID” OF THE
U.S. IMPERIALISTS TO
SOUTH KOREA

PYONGYANG, KOREA

STATEMENT

EXPOSING AND CONDEMNING REAL
NATURE OF THE AGGRESSIVE,
PREDATORY "AID" OF THE
U.S. IMPERIALISTS TO
SOUTH KOREA

FOREIGN LANGUAGES PUBLISHING HOUSE
D.P.R.K., 1963

Today South Korea is facing an unprecedented political confusion and economic ruin.

The sanguinary military fascist rule has thrown the popular masses into a state of complete rightlessness, and the total bankruptcy of industry and agriculture has led the people's living to utter privation.

Having been deprived of financial source and market, not to mention a raw material base and a technical basis, the South Korean national industry has lost its production foundation and been completely ruined. With its agriculture utterly devastated, this granary in the past has been turned into a typical land of famine in the world today.

The army of the unemployed and foodless peasants are increasing day by day in towns and villages, and appalling famine and poverty are sweeping the whole area of South Korea.

The serious food crisis now at its height is bringing untold tribulations and sufferings to the South Korean people and the agonizing cry of millions of foodless people groaning on the brink of starvation is wringing the hearts of the people.

On top of this, the severe damages caused by the flood and typhoon further augmented the sufferings of the foodless people and even the barley and wheat crops, the last hope of the South Korean peasants, have been almost completely destroyed.

In the long history of our country South Korea has never experienced such grave mass starvation and cala-

mities as today, and such unbearable miseries as selling one's blood, selling one's body, and still unable to eke out a living, committing family suicides.

What has driven South Korea to such bankruptcy and ruin as we see today and what has plunged the South Korean people into such a wretched plight as they are placed in today?

The answer is provided by the fact that the U.S. imperialists have thoroughly subjugated South Korea to their colonial rule, are plundering manpower, material resources and wealth of South Korea to the maximum and appropriating them for the realization of their military aggressive aim.

The U.S. imperialists are trying to cover up their heinous, predatory acts under the name of "aid" and are pretending to be "well-wishing helper" to South Korea.

They are coming out with such shameless allegation as that South Korea could not have possibly existed and the South Korean people could not have subsisted even a single day, had it not been for the U.S. "aid", and are posing as a "saviour" and "protector".

Can there be more shameless, cunning deceit and fraud than this?

One may ask: can it be called "aid" when they continue to occupy the southern half of our country by force up to this day, destroy and plunder all the riches of South Korea, drive the popular masses to starvation and privation and turn South Korea into a springboard for aggression upon the continent?

Clamouring about the "establishment of a war footing" under the call of "anti-communism", the U.S. im-

perialists are madly preparing for the provocation of a new war in our country, expanding armaments and further reinforcing the puppet army in South Korea, introducing various new-type weapons en masse and ceaselessly conducting provocative military exercises there.

On the plea of "building up force" for war, they are ever more tightly subordinating the South Korean economy to their military purposes and, on the pretext of "austerity" and "stabilization" are ever more ruthlessly plundering the riches and resources of South Korea.

As is clear to everyone, it is the evil consequence of the aggressive, predatory "aid" of the U.S. imperialists that South Korea is faced with such total ruin of today which is beyond remedy.

How on earth can the U.S. imperialists cover up such cold facts?

Unable to remain aloof from the colonial subjugation of South Korea and predatory and destructive acts committed there by the U.S. imperialists under the pretext of "aid", we expose and condemn before the whole world the real nature of the U.S. imperialist "aid" which has led South Korea to the present catastrophe, and indict them for their crimes before the fair-minded people of the whole world.

(1)

The U.S. imperialists claim that they are giving "aid" in order to ensure the independence of South Korea and help the South Korean people to stand on their own feet.

A clear answer is provided by the stark reality of South Korea as to whether the U.S. "aid" is really playing the role of such "well-wishing helper" or not.

For any country and any nation nothing is more precious than self-reliance and independence. Particularly, without building an independent national economy no national independence can be ensured nor can complete equality and sovereignty be realised in international relations.

To build an independent national economy means to develop economy in a diversified way, equip it with modern technique and create firm raw material bases, thus forming a comprehensive economic system in which all branches are interlinked organically with each other, with a view to producing and supplying basically at home industrial and agricultural products needed for the prosperity of the country and enhancement of the people's living.

It is an indispensable condition for the construction of a national economy to build a powerful heavy industry with the machine-building industry as its nucleus, light industry and agriculture, train the national technical cadres on an extensive scale and to mobilise the domestic resources and domestic forces to the maximum. The construction of an independent national economy is impossible without a sovereign power which exercises a patriotic, popular policy with the lofty aim of ensuring the prosperity and development of the state and the freedom and happiness of the people.

How can one talk about the construction of an independent economy if it is impossible to decide and enforce independently in the interest of the nation such

questions as mobilization of resources and technique, fixing of production scale and direction of investment, regulation of demand and supply and the like?

But, have the South Korean authorities ever had even the least right to formulate and carry out any policy in accordance with their own will, and have the U.S. imperialists ever helped South Korea in such a way as to enable it to stand on its own feet? Since the first day of liberation, the U.S. imperialists have been occupying South Korea by force and exercising perfect control over it politically.

No logic is more blatant and burglarious than the U.S. imperialists' assertion that they are ensuring the "independence" of South Korea and helping it to stand on its own feet, while enforcing a colonial rule there. The U.S. imperialists have completely subordinated South Korea to their colonial rule not only politically and militarily but also economically.

Already from the first days of the enforcement of the military administration in South Korea, U.S. imperialism reorganised the colonial economic structure taken over from Japanese imperialism in favour of its colonial rule and blocked the road of independent development of the South Korean economy.

Through a series of subordinating "treaties" and "agreements" forced upon South Korea under the name of "aid", the U.S. imperialists have, to begin with, obtained all kinds of privileges for the unrestricted colonial domination over the South Korean economy and "legalized" and consolidated them. They have secured the right to examine all matters of the South Korean economy and plans through the "ROK-Unified Command Agreement

on Economic Co-ordination" and seized all rights for the management of resources, production and distribution as well as the right for the control of finance and banking in South Korea through the ROK-U.S. Agreement on Economic Aid", "Agreement of the ROK-U.S. Combined Economic Board on Economic Reconstruction and Financial stabilization" and so on.

They have obtained the right to receive prior reports on all economic issues under the "ROK-U.S. Agreement on Economic and Technical Assistance" and secured the complete freedom of the U.S. monopoly capitalists in their investment activities and extraterritorial privilege on the security of their investments through the "ROK-U.S. Treaty of Friendship, Trade and Navigation".

The subordinating "agreements" imposed by the U.S. imperialists also provide them with the unrestricted right to expropriate at will anything in South Korea, if it is considered necessary for them.

It was on the basis of these "agreements" that such control organs as the "United States Operation Mission in South Korea" and the "ROK-U.S. Combined Economic Board" were set up and a water-tight system for the domination of the South Korean economy was established.

The "United States Operation Mission in South Korea," with its inflated staff greater than the total personnel of economic departments of the puppet government, controls and supervises the execution of the "economic aid plan" through the advisors posted in its branches in major ports and cities, important administrative departments and enterprises of the puppet regime.

Through the "ROK-U.S. Combined Economic Board" put up as a consultative organ of the United States and

the puppet government, the U.S. imperialists force decisions and orders of the "United States Operation Mission in South Korea" upon the puppet regime and control all the economic activities of the puppet government including the execution of the "economic aid plan"

Under the circumstances in which the South Korean economy is controlled as a whole under a twofold, three-fold ruling system, how can the independent management of economy be imagined?

The U.S. imperialists' overall control of the South Korean economy is exercised through the shipment of "aid" goods, their distribution and the "counterpart funds" consisting of the returns from the supply and sales of these goods.

The U.S. "aid" forced through such means accounts for 40-50 per cent of the South Korean finance and 30 per cent of its banking funds and monopolises 70-80 per cent of the supply of major raw materials and over 80 per cent of its import trade.

The U.S. imperialists are exercising control by fund over all the political, economic and military spheres of South Korea and, particularly, are tightening their grip on finance and banking.

The U.S. imperialists are controlling the South Korean finance and banking as a whole by placing the "counterpart fund" under their direct control. The proportion of the "counterpart fund" in the budgetary revenue of the puppet government reached 32 per cent in 1959 and 51 per cent in 1961. Its share in the total loans of the banking organs sharply increased: 15 per cent in 1957, 22 per cent in 1958, 27 per cent in 1959 and 31.5 per cent in 1960.

On this basis, the U.S. imperialists adjust the financial policy of the puppet government to suit their aggressive purpose, directly work out the financial plan and the fund supply plan of South Korea and set the limit for the yearly increase of currency volume and the limit for the release of the financial and banking funds of the puppet government.

In this way, they have seized complete control of everything from the compilation of budget, the basis of the financial and economic activities of the puppet regime, fixing of the scale and direction of investments and loans to the activities of enterprises.

The U.S. imperialists are tightening their exclusive domination over the South Korean foreign trade to take away from South Korea important strategic materials and forcibly sell their surplus commodities to South Korea at high prices.

In the foreign trade of South Korea the import is 20 times the export, and the annual trade plan of the puppet government is dependent upon the scale of the U.S. "aid" and the variety of its goods.

Through their "aid", the U.S. imperialists have monopolised almost all the South Korean markets, grasped in their clutches even the supply of raw materials and other materials, thus reducing South Korea to a market for their surplus commodities. In shipping "aid" goods into South Korea, the U.S. imperialists have steadily lowered the ratio of production goods, and further increased that of consumption goods, thereby restricting the development of the South Korean national economy.

What is needed for building an independent national economy in South Korea is production goods which

can put the key industries on their feet, not consumption goods.

However, the U.S. imperialists have supplied not a single set of modern factory installations or machines urgently needed for the reconstruction of a backward economy, while dumping in large quantities coal, raw cotton and provisions in which South Korea, too, can fully become self-sufficient. They have not supplied such generating equipment as can exploit the water-power resources abundant in South Korea, while forcibly selling outmoded thermal power generating installations.

In the "economic aid" goods introduced into South Korea by the U.S. imperialists in the period from 1956 to the end of 1959, the ratio between production goods and consumption ones changed from 37 : 63 to 17 : 83.

This is how the U.S. imperialists control finance, banking, foreign trade and home markets of South Korea and have shackled even the insignificant South Korean industry to the U.S. raw materials, materials and power, thus establishing complete domination over the South Korean economy and wholly destroying the self-supporting foundation of the national industry.

The U.S. imperialists have entirely prevented South Korea from exploiting home resources to solve the problem of necessary materials and raw materials on its own and deprived it even of the right to purchase freely from foreign countries materials and raw materials which it is short of.

South Korea is forced to depend solely upon the U.S. "aid" for most of her structural steel, timber, cement and other major materials and for almost all of bitumin-

ous coal, raw cotton, artificial silk yarn, caustic soda and other raw materials.

How can the South Korean industry develop normally under such condition?

The South Korean agriculture has also been completely subordinated to the U.S. imperialists by their "aid" and is in a state of devastation and ruin.

The U.S. imperialists monopolise the supply of fertilizer, agricultural chemicals and surplus farm produce, and on this basis they dominate all agricultural branches of South Korea from the composition of agricultural production to credit.

Particularly, with a view to shifting the burden coming from the acute agricultural crisis of the United States to South Korea, the U.S. imperialists have systematically destroyed the South Korean agriculture and completely subordinated even the food problem to them to ensure the dumping of large quantities of surplus farm produce.

What, after all, is free from U.S. control and monopolisation in South Korea?

Every year the South Korean puppet government can draft its budget finally only after the amount of U.S. "aid" is decided and execute its quarterly fund plan only after the disbursement of the "counterpart fund".

It is an undeniable fact that this year, too, the fund plan, commodity plan and foreign exchange plan were not completed and economic activities were paralysed there owing to the delay in the fixing of the volume of the U.S. "aid".

If the U.S. gasoline supply stops even for three days in South Korea, all transport vehicles, factories and

mines will have to suspend operation. If the supply of U.S. surplus farm produce comes to a halt for a while, 60 per cent of the South Korean industries including the textile industry and foodstuff industry will have to stop production.

As a result of forcible introduction of U.S. surplus farm produce, South Korea today relies upon it for 15-20 per cent of the provisions.

What sort of guarantee is there for independence and self-sustenance when industry, agriculture, transport and all other branches are completely shackled and they have to stop operation once the U.S. "aid" is suspended?

The U.S. imperialists do not hesitate to create ruinous economic confusion for tightening their rule.

It was the U.S. imperialists who manipulated the hwan-dollar exchange rate at 500:1 by paralysing the South Korean industry and transport through the stoppage of gasoline supply in September 1955 and it was they who brought about economic difficulties, set the exchange rate at 1,300:1 and imposed the humiliating "ROK-U.S. Economic and Technical Assistance Agreement" following the April 19 Popular Uprising. It was also they who pressed "retrenchment" on South Korea after exacerbating the shortage of raw materials, and lack of funds, and shooting up prices, and thus bringing economy to overall paralysis through the temporary suspension of "aid" in March and April this year.

Such outrageous economic sanction entails tax increase, price rise, further bankruptcy of South Korean economy and the aggravation of people's tribulations.

It is no secret that today all the economic policies in South Korea are worked out by Americans and their implementation is controlled by them.

It is widely known that the 1953-1957 "five-year plan for postwar rehabilitation" was drawn up by the U.S. "Nathan Society," the 1960 "draft for tax reform" was worked out by American adviser for tax affairs Hobbs, the "five-year plan" of the military regime was outlined with the participation of vice-director of the U.S.O.M. in South Korea Busch and the current "financial stabilisation plan" was made under the direction of South Korean affairs chief of the I.C.A. Ives.

It is ridiculous indeed to talk about any independent authority of the South Korean regime when it can not set the railway fares and electric fees independently nor can it decide any plan for investments and compilation of budgets by itself.

All these irrefutably prove that the U.S. "economic aid" forced upon South Korea in whatever form or kind is a mere tool for fully subjugating South Korean economy to their military aggressive aim.

(2)

The "aid" which the U.S. imperialists have granted allegedly for the South Korean people amounts to more than ten billion dollars.

If it had really been aid, it should have conduced in some measure to the development of South Korean economy to the vital interests of the South Korean people.

However the economy of South Korea which has received such a huge "aid", has all along been precipitated to decline and ruin as a result of the increasing "aid" It now finds itself in the worst situation in every sense of the word. About 70 per cent of the U.S. "aid"

totalling ten billion dollars has been spent as direct "military aid" in the form of arms, ammunition, warships and other war materials for reinforcing the U.S. imperialist aggression army and the puppet army, or in the form of military expenses.

In the name of "economic aid" 3.3 billion dollars' worth of surplus goods have been introduced, and the so-called "counterpart funds" coming from the sales of the surplus goods have been included in the budget of the South Korean authorities under the strict control of the U.S. imperialists and the bulk of the funds has been used for military purposes.

After all, the whole sum of the dollars granted in the name of "aid" has been disbursed by the U.S. imperialists themselves for their aggressive, military purposes. How can this be called aid to South Korea?

It is universally known that the South Korean army 600,000 strong is a colonial mercenary army of U.S. imperialism for aggression in Korea and the Far East.

All the equipment and upkeep of the South Korean army should constitute part of U.S. military expenditures and they should as a matter of course be covered by the U.S. government.

But the U.S. imperialists, reversing facts, describe their military expenditure for aggression as "aid" to South Korea.

Have the South Korean people ever received even a kilogramme of food grain for nothing? Have the South Korean enterprises ever received a catty of raw cotton free of charge?

The South Korean people, far from receiving aid, have been robbed of an enormous amount of natural resources and wealth by the U.S. imperialists disguised as "helper,"

and have been suffering untold hardships and disasters.

The U.S. imperialists have imposed, on the pretence of "aid", various kinds of humiliating, unequal treaties on South Korea and robbed South Korea of its wealth by brutal means to pay their military expenses for aggression.

The "ROK-U.S. Agreement on Initial Financial and Property Settlement" of September 1948 provides that the U.S. government shall be permitted to use the property retained or held in custody for use by the U.S. army and to maintain it without bearing the expenses. What does this "agreement" mean?

The "Agreement on Economic Co-ordination Between the Republic of Korea and the Unified Command" of May 1952 provided for South Korea to "render the greatest possible assistance to the military action of the U.N. Command in Korea" (Art. 1-d). What aim does this pursue?

The U.S. imperialists are using these aggressive, predatory "treaties" and "agreements" for "legalizing" their acts of robbery.

It is not an accident that at present more than 70 per cent of South Korea's budget has been appropriated for military purposes, that coal and power production and railway transport have for the most part been geared to the military needs and millions of suk of food grain are annually taken for the use of the army.

There are more than 600 registered enterprises directly engaged in the "delivery of war supplies" for the U.S. imperialist aggression forces and the puppet army. Large tracts of farmland and forests and major fishing grounds and fishing ports have been seized by the U.S. imperialist aggression army for military bases and drill grounds.

600,000 South Korean youth and middle-aged are in the service of U.S. imperialism as cheap cannon fodder.

All the predatory policies such as increase of tax, issue of national bonds and creation of inflation are in keeping with the demand of the U.S. imperialists and dictated arbitrarily by them.

Taxes have kept rising sharply in proportion to the expanding military spendings, and showed a 960-fold increase between 1949 and 1962.

This is not all. Did not the U.S. imperialists issue inconvertible notes to inflate their volume 1,474 times and did they not float national bonds to the value of 17.2 billion won between 1949 and 1962?

Since 1949 the U.S. imperialists have raked in, through the financial machine of South Korea, a sum of more than 3 billion dollars for military expenses.

Under the "Agreement on Expenditures for the U.N. Forces" of July 1950 the U.S. imperialist aggressors squeezed as much as 240 million dollars for military upkeep in Korea. They have not yet paid 700 million dollars of electricity rates, railway fares, water rates and various other charges for the period from June 1950 to October 1956.

They have expropriated by force of arms people's properties to the value of 1,250 million dollars including 100,000 hectares of land and buildings with a floor space of 1,740,000 pyung.

Peasants have been robbed of farmlands, students have been deprived of classrooms, many families have been left shelterless, and a great number of workers have been thrown out of jobs.

By 1962, the U.S. imperialists, even according to the

very limited data available, directly demolished or pilaged for military purposes 8 billion dollars' worth of property, with the resultant economic loss of tens of billions of dollars for South Korea.

One is surprised to learn that all these predatory acts have been conducted under the veil of "aid".

In South Korea, one-third of the total output value goes for military spending and the people are stifled under the burden of the fabulous military expenses.

"Make the recipient country pay 5 dollars for military expenses for every one dollar of our aid," gives an idea of the true nature of the predatory U.S. "aid".

The U.S. imperialists resort to such rapacious means in shifting their burden of military expenses on the shoulders of the South Korean people.

The maintenance of one division of the puppet army costs one-twentyfifth of the upkeep of one U.S. army division, and this enables the U.S. imperialists to save a huge sum of military expenses in South Korea. Furthermore, they squeeze the overwhelming portion of their military expenses in South Korea from the South Korean people.

Does this really mean to aid South Korea?

This is not all that shows the rapacious nature of the U.S. imperialists.

They resort to every conceivable means of exploitation in South Korea.

Eloquent proof of this is the "Agreement on Economic Co-ordination Between the Republic of Korea and the Unified Command" which clearly provides that the aid goods shall be sold at the "highest possible price".

The U.S. imperialists employ vicious means of raising the exchange rate of the South Korean money and U.S. dollar in favour of the latter, with a view to

selling their aid goods at the highest possible price in South Korea.

Since their occupation of South Korea, they have revised the exchange rate on thirtyseven occasions, thereby raising the ratio of exchange 2,600 times. Has there ever been any precedent of such an outrageous, unilateral raise of exchange rate in the history of world currency?

By frantically raising the exchange rate in favour of U.S. dollar, they boost continually the prices of the "aid" goods in the South Korean market and rake in as much "counterpart funds" as possible.

Devaluation of South Korean currency in its ratio to U.S. dollar effected twice in early 1961, added 100 billion hwan to the "counterpart funds." This is a sum tantamount to more than 50 per cent of the total taxes levied on the South Korean people at that time.

It is evident that the "counterpart funds" which are loudly advertised by the U.S. imperialists as something in the interest of South Korea, are made up by the sweat and blood of the South Korean people.

The U.S. imperialists palm off "aid" goods on South Korea at monstrous monopoly prices and use their sales to supplement their defense budget, and yet they call it "aid" to South Korea.

The U.S. monopolies gain huge super profits by forcibly selling their surplus goods in South Korea at monopoly prices more than 20 per cent higher on an average than on the world market.

Here are some instances. Unilaterally imposing the "buy American policy," the U.S. imperialists sold coal at 36 dollars per ton against 15 dollars in the world market, raw sugar at 170 dollars per ton against 105 dollars,

rayon at 76.5 cents per pound against 45 cents, and ammonium sulphate at 56 dollars 48 cents per ton against 36 dollars 51 cents.

Under the veil of "aid" big plantation owners of the United States have forcibly sold to South Korea raw cotton and grains to the value of 800 million dollars over the eighteen years since liberation. The U.S. oil monopoly, Rockefeller, has annually supplied between 70 and 80 million dollars' worth of oil to South Korea, thereby pocketing huge super-profits.

They make no scruple openly to sell utterly useless, obsolete articles and rotten waste materials at high prices.

Seven out of 8 vessels the United States sold to South Korea at 6 million dollars in 1955 were worn-out and required repairs before use. 61 passenger cars sold by the United States in 1960 at 1.2 million dollars were all built 15 years before, and 19 of them proved entirely unserviceable. Of the 3,500 tons of imported beans that were unloaded at the Pusan port in 1961, 900 tons were found spoilt. The U.S. imperialists go to the whole length of selling the deteriorated cotton that has been in stock since the 1929 crisis.

Is there any need of citing more instances to prove that the U.S. "aid" is a means of plunder which reduces the recipient country to a market for U.S. surplus goods and ensure colonial super-profits for American monopolies?

U.S. plunder in South Korea under the veil of "aid" finds vivid expression also in the notorious "stabilization policy".

By this policy and under the pretext of checking

inflation, U.S. imperialism is lowering the living standards of the working masses and stepping up exploitation to squeeze out of the people the largest possible amount of military expenses. In this way, they are creating favorable conditions for profit-making by U.S. monopoly capital. It is under this "stabilization policy" that an all-out offensive of extortion has been and is in progress against the national economy and the working people.

Taxes have sharply increased, wages of the workers have been frozen for three years now, and the blood-sucking rice-price policy has compelled the peasants to sell 5-6 million suk (one suk equals 150 kg) of grain at prices 30 to 40 per cent lower than the production cost every year. U.S. imperialists have severely curtailed the release of budgetary fund and bank loans to the economic sphere in order to divert to South Korea the consequences of inflation resulting from expanding military spendings. Consequently, those enterprises experiencing financial difficulty are going bankrupt apace.

The predatory "stabilization policy" has recently assumed a more vicious nature in keeping with Kennedy's so-called "change in the aid policy"

The essence of Kennedy's so-called "change" in the "aid policy," in the final analysis, betrays the U.S. imperialists' attempts, behind the new smoke screen of the "development of the underdeveloped countries," to shuffle off increasing burdens of military expenses for their aggression abroad on to the shoulders of colonies and further step up the economic aggression and plunder of the colonial and small nations in order to continually ensure maximum profits for U.S. monopoly capital. It is precisely for this reason that in his recent "message on foreign aid" Kennedy called noisily for making the recipient

countries shoulder more defence burdens for themselves and for encouraging the investment of private capital in the underdeveloped countries.

In conformity to this rapacious call, recently investment and accommodation of funds and bank loans have been curtailed as a whole in South Korea and all-round "super retrenchment policy" has been effected in the form of increased taxes, forced savings, merger and "adjustment" of enterprises and mass dismissal of factory and office workers.

Today U.S. "aid" is plunging the South Korean workers into a deep slough of unemployment and poverty and speeding bankruptcy and ruin of the medium and small enterprisers.

Facts clearly show what a big sacrifice and price the U.S. imperialists' "aid" claims from the South Korean people.

Whatever robber's logic they may put forward, U.S. imperialists will never be able to conceal the fact that their "aid" to South Korea is a means of unlimited exploitation of South Korea's national wealth, serves the U.S. imperialists' policy for military aggression and helps the U.S. monopolies to gain maximum profits.

How can this "aid" be compatible with the national interests of the South Korean people?

We cannot but expose and condemn such "aid" in the name of the nation and the people.

(3)

The U.S. imperialists allege that their "aid" has helped the South Korean economy to become "stabilized"

and continue to “grow”

But stern reality shows that with the help of the “aid” the U.S. imperialists have brought the South Korean economy completely under their colonial rule, rapaciously plundered it and caused its total decline and ruin.

For the sinister purpose of placing South Korean economy entirely under their control, the U.S. imperialists have, since the first day of their occupation of South Korea, frantically worked to undermine by hook or by crook the South Korean industry root and branch.

Suffice it to mention that in the early days of their occupation of South Korea the U.S. imperialists barbarously demolished the insignificant heavy industrial factories including a number of engineering plants in Yungdeungpo, Boopyung and Inchun and metallurgical and chemical plants.

How should one explain the machinations of the U.S. imperialists who have separated the industry of North Korea from the agriculture of South Korea through division of our country, and who plundered and destroyed the negligible heavy industrial enterprises remaining in South Korea?

Ever since liberation, the U.S. imperialists have persisted in their manoeuvres to sap the South Korean economy, and in this the economic “aid” has been used as an important lever.

Having established their control over the finance and economy of South Korea through “aid”, the U.S. imperialists have restricted capital investment and loans, and dumped their surplus goods by force. Thus, they have brought pressure to bear upon the technically backward South Korean economy in every way and completely demolished the foundations of South Korean industry.

The metallurgical industry has been almost entirely disrupted; the chemical industry has been paralyzed; and the mining industry is on the decline.

Compared with North Korea in per capita output of industry in 1962, South Korea was: one-fifteenth in electricity, one-thirtyseventh in steel, one-fifth in coal, one-twentythird in chemical fertilizer, and one-eighth in cement.

The destruction of the factories of key industries, especially the engineering plants, has not only rendered it impossible to effect technical renovation in agriculture and all the other branches of economy, but also to maintain the existing facilities.

The problem of financing is of primary importance in the development of the national economy.

Particularly in such places as South Korea which is short of national capital, investment and loan are the main sources to rely on in solving the problem of financing.

Nevertheless, the U.S. imperialists, imposing upon South Korea the maintenance of a massive military strength beyond its extremely poor economic power, have seen to it that one hundred per cent of their "military aid," more than 80 per cent of their economic "aid", and over 70 per cent of the budgetary expenditure of the puppet government are spent for military purposes. In these conditions how can one think of making investments or loans for industry? In addition, they bleed the people white through heavy taxation, issue of national bonds and forcible savings. And they use what they get out of this as funds for investments and loans mainly for the war industry and for the building of military installations. On

the other hand, they thoroughly restrict the appropriation of funds for the development of the national industry.

In manufacturing industry the proportion of metallurgy and engineering is barely 10 per cent or so, and the greater part of it is for the production of consumer goods and tools of little importance. What does this mean?

And then, more than 75 per cent of the medium and small enterprises of South Korea are in debt to the usurers and more than 50 per cent of the enterprises suspending or curtailing operation are due to financial difficulty. How should this be explained? There is no need of further explanation as to what a big role the U.S. imperialist policy of restraint on investment and loan is playing in dislocating the national economy of South Korea.

South Korea has abundant resources and a certain degree of purchasing power. It is, therefore, quite possible to develop the national industry there.

This notwithstanding, the U.S. imperialists have precluded the possibility of tapping the resources in South Korea by dumping their own raw materials and consumer goods on the pretext of "aid", while preventing it from finding a market for its manufactured goods.

Taking advantage of their monopoly control of the South Korean market, the U.S. imperialists have arbitrarily raised the prices of raw materials and thereby caused ever increasing difficulties for the South Korean enterprises in obtaining raw materials and funds, while aggravating the marketing difficulty for the South Korean products by dumping U.S. consumer goods.

It is self-evident that the South Korean goods whose production is based on backward productive forces cannot but be pushed out of the market by the U.S. goods

produced on the basis of advanced technology, and the national industry is bound to go bankrupt and be ruined.

The degree of the South Korean industrial bankruptcy is manifest in the fragmentization of the enterprises.

The number of enterprises of manufacturing industry employing 5 to 29 workers increased from 73 to 89 per cent of the total between 1948 and 1961, and those with 30 to 99 workers shrank from 22 per cent to 9.

Shrinkage of the scale of enterprises is to be seen still more clearly from the fact that the average number of workers per enterprise dwindled from 23.2 in 1955 to 18.5 in 1961.

The medium and small enterprises which account for more than 97 per cent of the total number of industrial enterprises are left to go bankrupt, and an average of five medium and small enterprises have gone bankrupt or have been ruined every day since the "military coup." How can this be regarded as an accident?

The bankruptcy and curtailment of operation of industrial enterprises inevitably bring about reduction in production.

Today the industrial production level of South Korea has dropped to two-thirds of that in the years of Japanese imperialism, and since the armistice the annual output of manufacturing industries has dropped to 56 per cent on an average as compared with 1940.

Reduction in production naturally results in increasing dependence on foreign countries for machinery, raw materials and consumer goods.

Before the August 15 liberation manufacturing industries had procured the greater part of necessary raw materials from the domestic market, but now they find themselves dependent on the foreign market for 80 to 95 per

cent of the main raw materials. South Korea's dependence on foreign market for manufactures has also increased—from 41.1 per cent in 1940 to 63.4 per cent in the post-war years.

The bankruptcy of South Korean industry is manifested all the more clearly in the colonial lopsidedness and distortion of its structure.

Whereas manufacturing industries account for only 18.4 per cent of the "total national production", transport, communications, trade, services and other branches needed for colonial plunder account for 43.7 per cent.

Still more deplorable is the inner structure of the insignificant industries.

As for heavy industry, the power and coal-mining industries which are necessary for meeting the military needs are all that is barely in existence. Metallurgy and the engineering industry—the backbone of economy—have almost entirely gone bankrupt.

Metallurgy and the engineering industry having been disrupted, tungsten and other rare metal ores, iron ore, lead ore, black lead, fluorite, talc and other chief products of the mining industry are all shipped to the United States and Japan as raw ore without elementary processing, while 93.5 per cent of machinery and equipment used at home must be obtained from the foreign markets, primarily from the United States.

The U.S. imperialists have reorganized the power industry with the main emphasis on the thermal power generation, have replaced the steam engines with diesel engines, thus divorcing the power industry and transport from the domestic coal-mining industry and making them an appendage to the U.S. fuel monopolies.

As for light industry which predominates in the indus-

trial production of South Korea, it is for the most part made up of sugar refinery, flour milling and textile industries, which process U.S. surplus goods.

Development of agriculture is of great importance for South Korea in view of the fact that 70 per cent of its population are farmers and it has favourable natural and economic conditions for developing agriculture.

U.S. "aid" has spelled complete destruction even for agriculture, the last basis of the South Korean economy and of the people's livelihood.

By means of plunder of the lands, forcible sale of surplus farm produce and restriction of investment, the U.S. imperialists have disrupted the agriculture and devastated farmlands of South Korea.

As compared with just before the August 15 liberation, the arable land of South Korea has dwindled by 200,000 hectares and the area under crops by nearly 400,000 hectares; 70 per cent of the arable land has been acidified. The amount of U.S. surplus grain dumped in the South Korean market in ten years following the war reaches 50 million suk. It is generally known that the U.S. surplus grain dumped in South Korea has brought the prices of the South Korean grain below production cost, thus damping the zeal of the farmers for production, making it impossible even to go on with simple reproduction, and causing general destruction to the productive forces of agriculture.

Not a single tractor nor a lorry can be seen working in the fields of South Korea, but the primitive hoe and sickle are prevalent as farm implements. If this is not the outcome of U.S. "aid", what is it, then? The shrinkage of farmland, deterioration of soil and decline of the productive forces of agriculture have inevitably brought

about reduction in grain output.

The gross grain production in South Korea has dropped by one-third as against the pre-liberation years, with the output of barley and wheat going down to 75 per cent and coarse grains to 41 per cent.

South Korea once called granary has now turned into a land of famine the sort of which is rarely to be found throughout the world, into a land of mass starvation and death. What kind of "growth" can they claim for South Korea?

Last year it was visited by a severe crop failure with the result that the harvest was 20 per cent below the average, and it is foreseen this year, too, that the output of barley will be over 70 per cent down as against the average harvest.

As a result, the grain shortage for the 1962-1963 food year amounts to more than 15 million suk.

Facts show that the aftermath of the U.S. colonial policy for agriculture and of its "aid" is getting worse every year.

The raw cotton and animal products brought in as part of the U.S. "aid" of surplus farm produce have totally prevented the versatile development of the South Korean agriculture. With an annual production of 100,000 tons of cotton, South Korea was fully self-sufficient, but now its cotton output is next to nothing. What is responsible for this, if not the influx of U.S. raw cotton?

By completely wrecking the foundations of the South Korean national economy and devastating its agriculture, the U.S. imperialists have utterly destroyed even the production and consumption links between the industry and agriculture of South Korea.

The South Korean industry is even unable to supply

the countryside with necessary farm implements and pumping equipment, while its agriculture cannot meet the elementary needs of industry for raw materials.

The U.S. imperialists have dislocated the production of fibre crops in South Korea and fettered the South Korean textile industry to U.S.-supplied raw cotton and rayon. They have undermined the production of food grain, oil-bearing crops and animal products and made the flour milling, sugar refining and food industries dependent on the U.S. supply of wheat, raw sugar and animal products.

It is totally out of the question to expect a stabilization of finance, currency and prices in South Korea where production is on the decline and the currency is overissued on account of excessive military expenses.

What have the "stabilization policy" and the "policy of austerity" which they have imposed upon South Korea for over ten years brought about?

The national treasury which has been dried up by military disbursement is piled high only with due bills totalling 60 billion won.

In the past eighteen years the amount of currency has swelled 3,200 times and the prices have shot up 5,000 times.

The bank notes have become mere scraps of paper; the prices have jumped up continuously; the finance and credit have been paralyzed; and the inflation crisis has aggravated to the extreme.

The South Korean economy is suffering in the depths of confusion; it is left in ruin past remedy. The fact that the South Korean people are maintaining existence in the conditions of the total dislocation of production, of ever-increasing burdens of military expenses, shockingly

low wages, low price of rice, chronic food crisis is in itself a miracle.

With economy bankrupt and exploitation intensified, the situation of the workers is deteriorating rapidly. Whereas the intensity of labour is such that the workers cannot stand it physically, their wages are at the starvation level and, on top of it all, are usually left unpaid. With the wages remaining frozen in spite of the skyrocketing prices, the workers find it hardly possible to buy a mere 30 kilogrammes of rice with what they earn for one month's backbreaking labour.

More than half of the peasants has run out of provisions, and ruined peasants leave their native villages and flock to towns. But how can they expect to get a job in South Korea where more than 60 per cent of the able-bodied people are roaming about the streets without job and those workers who are lucky enough to find themselves on the payroll are in constant danger of being thrown out into the streets?

The towns and villages of South Korea are swarming with millions of unemployed, foodless peasants and victims of natural calamities who are on the verge of starvation.

To add to this, diseases are rampant, criminal cases grow in number, and social disorder has reached the limit.

In this shocking state countless people die of hunger every day, cursing the reality, unable to get even enough grass roots and tree bark to keep body and soul together. Indeed, there prevails nothing but bankruptcy and ruin, unemployment and poverty, hunger and death in South Korea.

In face of such appalling reality, how can the U.S. imperialists conceal the true nature of their aggressive, predatory and destructive "aid"?

How can they have the face to say that they aided South Korea and brought about any "growth" of the South Korean economy?

The bitter experiences over the last eighteen years have brought the South Korean people to see the true nature of the U.S. "aid" only too clearly.

(4)

The U.S. "aid" to South Korea has brought in its train nothing but intolerable colonial enslavement and plunder, extreme political confusion and economic catastrophe, unprecedented hardships in life and irretrievable social degradation.

How can they deny the fact that the U.S. "aid" is a means of aggression, subjugation, plunder and destruction?

The disastrous effect made on South Korea by the U.S. imperialists' colonial enslavement policy and the U.S. "aid" policy for the past 18 years once again unequivocally shows that the U.S. imperialist aggressors are the most cunning, vicious aggressors, most truculent, rapacious plunderers and the inveterate enemy of the Korean people who caused the division of Korea into the North and the South and turned South Korea into the virtual hell of hunger and privation that we see today.

The rapacious nature of U.S. imperialism, the chief bulwark of world reaction, main forces of aggression and war, the biggest international exploiter and the mainstay of neo-colonialism, has been fully laid bare

through their colonial rule over South Korea for the past 18 years.

It is only natural that today the people of South Korea and the broad public circles, denouncing and rejecting the U.S. "aid", should strongly call for sovereignty of the country free from dependency on foreign powers and for the establishment of an independent national economy.

Now the U.S. imperialists, talking loudly as if the main cause of economic catastrophe in South Korea lay in the failure of the South Korean rulers to make "effective" use of the U.S. "aid", are making a foolish attempt to cover up the aggressive nature of the U.S. "aid" and to placate the mounting anti-U.S. sentiments of the South Korean people.

But who is to blame for the "ineffective" use when the USOM in South Korea responsible for the execution of the U.S. "aid", has all the rights to use "aid" goods and funds and exercises control and supervision over the entire economic activities of the South Korean puppet government?

Have the U.S. imperialists ever allowed the South Korean puppet authorities to use even one penny from the funds without the permission of the United States?

The U.S. aggressors also allege that the root cause of South Korean economic catastrophe lies in the "meagreness of natural resources" and the "backward national character."

This is however a shameless sophism none but U.S. imperialists could put forward. Our country is favoured with a wealth of natural resources and from olden times our people have been self-sufficient in most of the neces-

sary materials. They are an industrious, talented and cohesive nation who have created the country's wealth and built up a brilliant culture on their own.

Whatever quibble the U.S. imperialists may resort to, it cannot camouflage the grave crimes they have committed by destroying and ruining the South Korean economy and driving the people into such a mire of distress as today. Nor can it release them from the responsibility for the split of our country through their occupation of South Korea, for their destruction and plunder of our wealth, for their outrages against and murder of our people.

The Korean people have under no circumstances felt the need of any kind of "aid" from the imperialists.

We are fully capable of settling our problems by ourselves and are provided with every condition to build up our own life.

The South Korean people do not want to live any longer under the colonial yoke of the U.S. imperialists.

The U.S. imperialists must take their hands off South Korea at once and withdraw from there without delay, taking with them their aggressive troops and all their aggressive apparatus.

This is the unanimous demand of the 30 million Korean people.

The bitter experiences of the South Korean people over the past 18 years have given them a serious lesson.

The root cause of catastrophe in South Korea today lies in its occupation by the U.S. imperialist aggressors and in their colonial enslavement policy.

The only way out for the South Korean people lies in expelling the U.S. aggressors and achieving national

liberation, thoroughly rejecting reliance on foreign powers and realizing self-reliance and independence and effecting independent reunification of the nation. This is the only road of extricating themselves from darkness and lack of rights, this is the only correct road of finding a joy of regeneration from the abyss of ruin. This is proved by the reality of North Korea which has invariably kept to the line of building an independent national economy along the road of independent development. This is shown by the worthy life of the people in the North.

Since the first days of liberation, the people in the North, upholding the revolutionary banner of self-reliance under the wise guidance of the Workers' Party of Korea, have waged an indefatigable struggle to build the foundations of an independent national economy. We took over a backward economy, had few national cadres and lacked experience in economic construction. The severe war damage created a still greater obstacle to the struggle of our people for the building of an independent economy. But we did not want to repeat the bitter past when we were trodden underfoot, insulted and humiliated by the foreign aggressors because of our backwardness and powerlessness. We wanted to build up a prosperous and civilized independent state fully on a par with all the nations of the world, and laid the solid foundations of an independent national economy, surmounting manifold hardships and difficulties.

We have built on our own a powerful heavy industry with the engineering industry as its core and, with the support of it, rapidly developed light industry and agriculture.

Today, the northern part of the country has com-

pletely rid itself of the age-old backwardness and poverty, and the life of our people has undergone radical changes. Today, the economy of North Korea is making rapid progress, basing itself on the industry and agriculture equipped with modern technique, and our people are leading a happy life, knowing no worries about food, clothing and housing, provided with the home-manufactured goods and agricultural produce.

The solid foundations of the national economy established in the northern part of our country is not only the wherewithal for ensuring a happy life for the North Korean people. It is a national wealth for all of us 30 million people providing a firm guarantee for the independent development of the national economy after the reunification.

In order to achieve economic independence in South Korea, the colonial rule of the U.S. imperialists must be abolished, an end must be put to their economic domination and plundering system for which the "aid" serves as a lever, and the national economy must be rehabilitated and developed by the people themselves through the maximum utilization of all the manpower and resources available.

South Korea has large potentials of water-power, is favoured with various mineral resources such as coal, iron ore, etc., has a vast tract of fertile land and inexhaustible fishing resources.

If the material and technical forces of South Korea are effectively mobilized, and the firm foundations of an independent national economy established in North Korea are utilized, an independent economy can be built in South Korea without relying on any foreign powers.

Should we not thus save the present catastrophe in South Korea, relieve the unemployed and stabilize the people's livelihood?

But certain personages in South Korea, while advocating an "independent economy" in word, still continue to beg for U.S. "aid" on the pretext that South Korea is lacking resources, and even want to invite monopoly capital of Japan which oppressed and exploited the Korean people in the past.

The present catastrophe in South Korea is a direct result of dependence on foreign powers. How, then, can it be overcome by relying on foreign powers?

Any illusion about imperialism should be cast aside, dependence on foreign powers should be resolutely discarded and the path of economic independence should be unswervingly followed on the basis of uniting all the national forces.

When there are sufficient resources to rely on in the country, why should one keep hanging on to foreign powers, begging the imperialists for help?

When the North and the South effect economic exchange, accommodate each other, organize rational division of labour between the two sides and, with the mobilization of the nation's wisdom, talent and energy, explore the natural resources, it is fully possible to build a national economy capable of firmly standing on its own feet.

Either from the economic and geographical standpoint or from the standpoint of the far-sighted plan for the nation's prosperity, to link the industrial zone of North Korea with the agricultural zone of South Korea is a most rational policy to rapidly rehabilitate the devastated South Korean economy and promote a unified,

harmonious development of the national economy.

The different systems now existing in North and South Korea cannot be an obstacle to the mutual exchange and co-operation between the two parts of Korea.

When economic co-operation is effected between different countries and nations to complement each other's needs, what ground can there be to prevent it within the same nation?

Co-operation and intercourse are beneficial both to North and South Korea. They will bring only benefits to the whole nation, but no loss.

Co-operation and exchange between the North and South will help towards relieving the economic catastrophe in South Korea, solving the immediate problems of people's life, and in achieving economic independence they will create very favourable conditions for the independent peaceful reunification of the country.

If the national resources of North and South Korea are mobilized, there will be no insurmountable obstacle, nor will there be problems which can not be solved.

Those who are concerned about the present chaos in South Korea and the future of our country cannot fail to see that herein lies the only way out, nor can they set themselves against the unity of the national forces of North and South Korea to suit the "anti-communist" policy of the U.S. imperialists and their manoeuvres for national split.

There is no other way than breaking with the foreign aggressors and uniting our national forces.

Hold high the patriotic banner of self-reliance, self-dependence, self-sustenance and self-determination, categorically repudiating all the aggressive, predatory and

destructive "aid" of the U.S. imperialists!

Fight for the realization of North-South exchange and co-operation!

Let us achieve national liberation in South Korea with united efforts of the whole nation, and save South Korea from economic chaos and build up an independent national economy!

Wage an anti-U.S., national-salvation struggle more determinedly, more stubbornly to drive out the U.S. imperialist aggressors and achieve the independent peaceful reunification of the country!

Do not allow even one aggressor to remain in the territory of our dear fatherland!

Baik Nam Woon, academician of the D.P.R.K. Academy of Sciences.

Kim Kwang Jin, corresponding member of the D.P.R.K. Academy of Sciences and professor.

Kim Won Sam, master of sciences (economics).

Kim Jai Eun, master of sciences (economics).

Kim Jong Wan, master of sciences (economics) and assistant professor.

Kim Sang Hak, master of sciences (economics) and assistant professor.

Kim Jong Il, master of sciences (economics).

Kim Kwang Soon, assistant professor.

Kim Chul Sik, master of sciences (economics).

Kim Choon Jum, master of sciences (economics).

Nam Choon Hwa, master of sciences (economics).

Nam In Ho, master of sciences (economics).

Li Keun Hwan, master of sciences (economics) and assistant professor.

Li Myung Suh, master of sciences (economics) and

assistant professor.
 Li Suk Rok, master of sciences (economics).
 Li Suk Sim, master of sciences (economics) and
 assistant professor.
 Li Suk Chai, assistant professor.
 Li Won Kyung, master of sciences (economics) and
 assistant professor.
 Bak Kun, master of sciences (economics).
 Bak Myung Joon, master of sciences (economics).
 Bak Min Soo, master of sciences (economics).
 Bak Yung Keun, master of sciences (economics).
 Bang Ho Sik, master of sciences (economics).
 Son Eung Rok, assistant professor.
 Son Jong Chul, master of sciences (economics).
 Son Taik Ki, master of sciences (economics).
 Sin Jai Ho, master of sciences (economics).
 An Kwang Jeup, master of sciences (economics)
 and assistant professor.
 Yoon Haing Joong, assistant professor.
 Jun Yong Sik, master of sciences (economics) and
 assistant professor.
 Jun Suk Dam, master of sciences (economics) and
 assistant professor.
 Jung Kwan Ryong, master of sciences (economics).
 Jung Tai Sik, master of sciences (economics).
 Jo Ryong Sik, assistant professor.
 Ji Woon Sup, master of sciences (economics).
 Choi Dong Hwa, assistant professor.
 Choi Byung Hun, master of sciences (economics).
 Choi Yoon Kyoo, master of sciences (economics) and
 assistant professor.
 Choi Byung Chul, master of sciences (economics).

Han Kyoo Hak, assistant professor.

Han In Ho, master of sciences (economics).

Huh Kyung, master of sciences (economics).

Hyun Ho Bum, master of sciences (economics).

Hong Dal Sun, assistant professor.

Pyongyang,

July 19, 1963

Printed in the Democratic People's Republic of Korea